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RUCPDOG/DEPT OF COMMERCE WASHDC
RUEHBY/AMEMBASSY CANBERRA 3675
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RUEHDN/AMCONSUL SYDNEY 2154
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SUBJECT: AUSTRALIAN BUSINESSES BULLISH ON U.S. GREEN ECONOMY

Summary

1. (SBU) Australian businesses are looking to the United States for investment opportunities in the green economy. At least three Melbourne-based firms are considering opening or expanding U.S. operations to take advantage of new markets and significant stimulus spending in clean energy, recycling, and green buildings. The President's green economy agenda appears to have captured the imagination of more than just the U.S. domestic market. End Summary.

Clean Energy

2. (SBU) Solar Systems, a Melbourne-based cutting edge solar energy firm is pulling up stakes in Australia to seek "better opportunities" in the United States. The firm's Managing Director, Dave Holland told us in August that President Obama's green agenda has made the United States a more attractive target for clean energy investment than Australia. Holland went on to complain about the difficulties of obtaining finance in Australia (an oft-heard refrain here; Australia does not have a sufficiently large venture capital market) as well as trouble obtaining promised public funding from both the Victorian and Federal governments. Finance and project development opportunities in Texas and California, he said, eclipse those available in Australia. As if to confirm Holland's finance gripes, Solar Systems has since gone into involuntary receivership (Chapter 11), though is still operating its Dallas office in hopes of expanding its U.S. market share. Solar Systems is only the latest solar manufacturer to run into financial problems here -- in 2008, BP Solar, then the largest manufacturer of solar technology, shut down its Sydney plant due to higher costs and the slow pace of public support for solar development.

Recycling

3. (SBU) Australian recycling giant Visy also plans to rapidly expand its U.S. operations. Visy's Chairman Anthony Pratt (who divides his time between Melbourne, Atlanta and New York) sees his company's future in the United States. In an October 26 meeting, Pratt told Consul General that the President's green agenda and an increasing eco-awareness among the U.S. populace have combined to create fertile fields for Visy's biomass gas generation plants and recycling technologies. Visy, which already runs a sizeable recycling and packaging facility in New York City as well as in Indiana, Georgia and Louisiana, will be looking to expand these operations in the coming years.

Green Buildings

¶4. (SBU) Daniel Grollo, the CEO of Australia's largest commercial builder Grocon, told Consul General on November 30 that he is examining green building opportunities in the U.S. stimulus package very closely. Grocon is building Australia's first 100 percent carbon neutral building in Melbourne (Note: The building will offset not just the carbon it emits, but also all of the carbon generated by its construction. For additional information see: <http://www.pixelbuilding.com.au/>. End note.) Grollo is setting up operations in New York to capitalize on "undervalued" U.S. commercial real estate assets. He believes Grocon can compete with larger U.S. developers through cutting edge green building technology as well as a unique focus on safety and funds management.

Comment

¶5. (SBU) All three of these companies see real results flowing from the President's emphasis on creating a green economy and are now putting their money where their mouths are. All three executives expressed unsolicited reservations about doing business in China, indicating that they did not feel comfortable making capital investments there. The United States, however, still provides certainty for Australian businesses looking to expand their operations abroad, and a focus on building a leaner and greener economy in the United States is having a real impact on Australian business investment decisions.

THURSTON